

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

**MARATHON OIL COMPANY
MULTI-PARISH
AI # 105822**

**PROCEEDINGS UNDER THE LOUISIANA
ENVIRONMENTAL QUALITY ACT
LA. R.S. 30:2001, ET SEQ.**

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**ENFORCEMENT TRACKING NO.
AE-CN-03-0062**

SETTLEMENT

The following Settlement is hereby agreed to between Marathon Oil Company (“Respondent”) and the Department of Environmental Quality (“DEQ” or “the Department”), under authority granted by the Louisiana Environmental Quality Act, La. R.S. 30:2001, et seq. (“the Act”).

I

Respondent is a corporation who owns and/or operates multiple oil and gas facilities located throughout the State of Louisiana, including those listed in Table 1 of this Agreement.

II

On April 29, 2003, the Department issued a Consolidated Compliance Order & Notice of Potential Penalty (CCO/NOPP), Enforcement Tracking No. AE-CN-03-0062, which was based upon the following findings of fact:

The Respondent failed to obtain approval from the permitting authority prior to the construction, modification, or operation of each facility listed in Table 1 which ultimately resulted in an initiation or increase in emissions of air contaminants. Each failure to obtain prior approval from the permitting authority for the construction, modification, and/or operation of the facility is a violation of LAC 33:III.501.C.2 and Sections 2057(A)(1) and 2057(A)(2) of the Act.

Table 1	
Facility Name	Facility Name
Anna Taylor Heirs 14 No. 2	HP Camp Heirs No. 2 Alt Facility
Anna Taylor Heirs 15 No. 2	JL Hunt Heirs No. 1 Alt Facility
CC Beshea No. 1-D	JL Smith No. 1 Alt
CVOC RM Coyle No. 1	Labokay No. 1 Facility
DH Matthews No. 1	NSRR SMK B RD SU Taylor Samuel No. 1D Facility
DH Waller et al No. 1 Alt	Parker No. 1 Alt Production Facility
Elkins No. 1 Alt	Sale A No. 1
Garrett Heirs No. 1-D	SMK B RC SUF Lowe JP Est No. 1-D Alt
HA RC SUK FM Taylor No. 13-2	SMK C RB SUG Sanders et al 18 No. 1 Facility
HA RC SUM JA Seegers et al No. 1 Alt	SMK C RC SUE Smith et al No. 1 Alt
HA RD SUA Goodwin 16 No. 1	SMK C RC SUF Martin No. 1
HA RD SUH Waller JT Est No. 3	SMK C RC SUG Griffin S Taylor No. 1 Alt
HA Waller RASU Waller W No. 1 Facility	TOKIO RASU 95 Hilburn GA A TK-1 Facility
HAPSU 27-5A; Lewis No. 1	TW Sherman Heirs 10 No. 1
Haynesville Drip Point No. 5	TW Sherman Heirs 15 No. 2
Hoss Suc Payne No. 1 Alt Production Facility	

III

In response to the CCO/NOPP, Respondent made a timely request for a hearing.

IV

While conducting a retroactive review required by Section II of the Compliance Order, the Respondent discovered additional facilities for which it may have failed to obtain approval from the permitting authority prior to the construction, modification, or operation of each facility. A list of these facilities is set forth in Table 2.

Table 2

Facility Name	Facility Name
Anna Taylor Heirs 14 No. 1	J.L. Garrett No.2
Anna Taylor Heirs 14 No. 3	J.L. Garrett No.3 ALT
Anna Taylor Heirs 15 No.1	J.L. Garrett 24 - No. 1
Beene 22 No.1	J.M. Garrett etal No.1-C
Benson No.1 Facility	J.M. Hudson "A" TU-1
Bilbray No.1	J.P. & V.E. Lowe 4-4
Bissell No.1-H	J.T. & S.C. Waller "G" No.1
Blackwell-Williamson No.2 (HAPSU 21-8A)	J.T. Waller No.4 ALT
Blackwood Land Co. 36-1	J.T. Waller 4P
C.D. Crump 13 No. 1	Judge T. Waller Estate No.1
Camp Taylor P No.2 Facility	Katie White etal No.1 ALT
Claude Beene Tank Central Battery	L. L. Sherman No. 1
Claude Beene TK-5	Longino Goode 7 No.1
Claude Beene TK-7	Longino Goode 7 No.2 ALT
Claude Beene TU-1	M. K. Bond Well
Claude Beene TU-4	M. Lyons No.1 Production Facility
Claude Beene TU-5	M.A. Kennedy TU-1 (P&A'd)
D. Waller Well	Martin Heirs No.1 D
D.H. Waller No.4-ALT	Martin Heirs No.2-Alt.
D.H. Waller etal No.1	Martin Heirs A No.1
D.H. Waller etal No.3 Alt (HA RC SUA)	Myrtle Crump Arnold No.2
D.R. Crump 18 No. 1	North Shongaloo Red Rock
E Taylor 14 No. 1	NSRR; Stewart D No.1
E. Martin Heirs No.1-B	Parker 22 No. 1
F.M. Taylor 13 No.1/East Haynesville/Haynesville Drip Pt. No. 4	Parker Whitlock No.1 (Parker No.1-H)
F.M. Taylor 13 No.3	R. D. Huddleston etal No.1-D
G. R. Sanders No. 1-C	R. Huddleston etal No.2-D & No.2-ALT
G. W. Taylor 3-P - No. 1 Facility	R. L. Bond No. 1
G. W. Taylor 3-P - No. 2 Facility	R.A. Wynn No.26-5
G. W. Taylor etal No.1-ALT	R.E. Crump No. 12-7 (P&A'd)
G.W. Taylor 14 No.1	R.P. Bond CB
G.W. Taylor 14 No.2 ALT	R.P. Bond etal TU-3
G.W. Taylor Heirs 15 No.1	R.P. Bond etal TU-4
Garrett 2G	Rinnicker No.1
Garrett Unit G No.1	S. E. Taylor No. 2
Goodwin etal "A" TU-1	S. T. Hunt No.2 Smack B/C
Goree-Wyn-Lewis No. 27-6 (P&A'd)	S.C. Waller 13 No.1
GW Taylor 15 No. 2	S.L. Beene 13-1
GW Taylor B TK-2	S.T. Hunt No.1C
H. P. Camp Heirs 15 No.1	Simms 5 No.1 (HA RE SUT)
H.P. Camp No. 10-7 (HA P SU)	T.W. Sherman 10 No.3 ALT
Haynesville Drip Point No.6	T.W. Sherman 10 No.4 ALT

Table 2

Facility Name	Facility Name
Haynesville Drip Point No.7	T.W. Sherman 15 No.3
Haynesville Drip Point No.9	T.W. Sherman Est. No.5 (HABSU 16-32A)
Haynesville Mercantile No.1-D	T.W. Sherman Heirs 10 No.2-ALT
Haynesville Mercantile 13 No.2	T.W. Sherman Heirs 15 No.1
Haynesville Office Facility	Taylor Estate No.1
Hester Courson No.1 (SMK B & C)	Taylor Heirs 11 No.1
Hunt Heirs No.1-D	Triple B Land Company No. 1
Hunt Heiss No.1	W.F. Bond A TK-1 Facility
J Garrett etal No.1 ALT	W.F. Bond A TK-3 Facility
J Waller Facility	W.F. Bond B TK-1 Facility
J. H. Goodwin Etal A TK-1	Waller-Parker TK-2
J.H. Goodwin etal 15 No.1	Whaley No.1
J.H. Goodwin etal A TU Central Battery	Wynn No.2-D
J.L. Bond A TK-2	
J.L. Bond A TU-2	
J.L. Bond A/C 3H No.1	
J.L. Bond B TK-3 Facility	
J.L. Bond TK-1 (HAPSU No. 22-53A)	

V

While conducting a retroactive review required by Section II of the Compliance Order, the Respondent discovered three facilities at which Respondent may have failed to operate and maintain a vapor recovery unit for a period of time. These facilities include the S.C. Waller 13 – No. 1 facility, the Haynesville Unit Injection facility, and the North Shongaloo Red Rock Central Battery.

VI

Respondent denies it committed any violations or that it is liable for any fines, forfeitures and/or penalties.

VII

Nonetheless, Respondent, without making any admission of liability under state or federal statute or regulation, agrees to pay, and the Department agrees to accept, a payment in the amount

of One Hundred and Forty Eight Thousand, Six Hundred and Twenty Eight Dollars and 26 cents (\$148,628.26) of which Six Hundred and Sixty Five Dollars and 37 cents (\$665.37) represent DEQ's enforcement costs, in settlement of the claims set forth in this agreement. Except for the facilities listed in Paragraph V, the Department shall not be estopped from bringing an enforcement action if it later determines that an air pollution control device should have been installed at a facility. The total amount of money expended by Respondent on cash payments to DEQ as described above, shall be considered a civil penalty for tax purposes, as required by La. R.S. 30:2050.7(E)(1).

VIII

Respondent further agrees that the Department may consider the inspection report(s), the above-referenced CCO/NOPP, and this Settlement for the purpose of determining compliance history in connection with any future enforcement or permitting action by the Department against Respondent, and in any such action Respondent shall be estopped from objecting to the above-referenced documents being considered as proving the violations alleged herein for the sole purpose of determining Respondent's compliance history.

IX

This agreement shall be considered a final order of the secretary for all purposes, including, but not limited to, enforcement under La. R.S. 30:2025(G)(2), and Respondent hereby waives any right to administrative or judicial review of the terms of this agreement, except such review as may be required for interpretation of this agreement in any action by the Department to enforce this agreement.

X

This settlement is being made in the interest of settling the state's claims and avoiding for both parties the expense and effort involved in litigation or an adjudicatory hearing. In agreeing to the compromise and settlement, the Department considered the factors for issuing civil penalties set forth in LSA- R. S. 30:2025(E) of the Act.

XI

The Respondent has caused a public notice advertisement to be placed in the official journal or newspaper of the parish governing authority in Claiborne, DeSoto, and Webster Parishes. The advertisement, in form, wording, and size approved by the Department, announced the availability of this settlement for public view and comment and the opportunity for a public hearing. Respondent has submitted a proof-of-publication affidavit to the Department and, as of the date this Settlement is executed on behalf of the Department, more than forty-five (45) days have elapsed since publication of the notice.

XII

Payment is to be made within ten (10) days from notice of the Secretary's signature. If payment is not received within that time, this Agreement is voidable at the option of the Department. Penalties are to be made payable to the Department of Environmental Quality and mailed to the attention of Darryl Serio, Office of Management and Finance, Financial Services Division, Department of Environmental Quality, Post Office Box 4303, Baton Rouge, Louisiana, 70821-4303.

XIII

In consideration of the above, any claims for penalties are hereby compromised and settled in accordance with the terms of this Settlement.

XIV

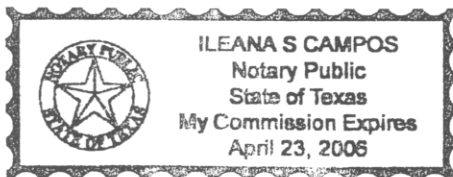
Each undersigned representative of the parties certifies that he or she is fully authorized to execute this Settlement Agreement on behalf of his/her respective party, and to legally bind such party to its terms and conditions.

Marathon Oil Company

BY: Jerry S. Benkibile
(Signature)
JERRY S. BENKIBILE
(Printed)

TITLE: ASSET MGR.

THUS DONE AND SIGNED in duplicate original before me this 26th day of
February, 20 04, at 7:30 a.m.



Ileana S. Campos
NOTARY PUBLIC

STATE OF LOUISIANA

Mike D. McDaniel, Ph.D., Secretary
Department of Environmental Quality

BY: Harold Leggett
Harold Leggett, Ph.D., Assistant Secretary
Office of Environmental Compliance

THUS DONE AND SIGNED in duplicate original before me this 12th day of
July, 20 04, at Baton Rouge, Louisiana.

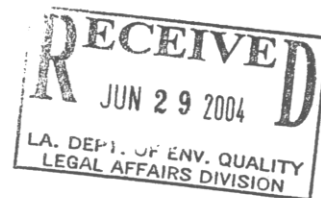
[Signature]
NOTARY PUBLIC

Approved: R. Bruce Hammatt
R. Bruce Hammatt, Assistant Secretary



CHARLES C. FOTI, JR.
ATTORNEY GENERAL

State of Louisiana
DEPARTMENT OF JUSTICE
P.O. BOX 94005
BATON ROUGE
70804-9005



June 23, 2004

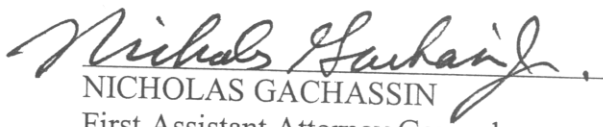
Mike D. McDaniel, Secretary
La. Department of Environmental Quality
Office of the Secretary
P.O. Box 4301
Baton Rouge, LA 70821-4301

Re: Review of DEQ Settlement;
Marathon Oil Company
AE-CN- 03-0062; AI #105822

Dear Secretary McDaniel:

Pursuant to the authority granted to me by R.S. 30:2050.7(E)(2)(a), I approve the above referenced settlement.

Sincerely,


NICHOLAS GACHASSIN
First Assistant Attorney General

NG/cbw